

DURANT COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS,
BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND SCHEDULE OF FINDINGS

JUNE 30, 2014

DURANT COMMUNITY SCHOOL DISTRICT

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DURANT COMMUNITY SCHOOL DISTRICT

Officials

June 30, 2014

Name	Title	Term Expires
Board of Education		
(Before September 2013 Election)		
Barb Reasner	Board President	2015
Russ Paustian	Board Member	2015
Ron Alpen	Board Member	2015
Julia Rivera	Board Member	2017
Robert Walker	Board Member	2017
(After September 2013 Election)		
Barb Reasner	Board President	2015
Russ Paustian	Board Member	2015
Ron Alpen	Board Member	2015
Julia Rivera	Board Member	2017
Robert Walker	Board Member	2017
School Officials		
Duane Bennett	Superintendent	2014
Lesa Kephart	District Secretary	Indefinite
Philip Keese	District Treasurer	Indefinite
Lane & Waterman	Attorney	Indefinite

Kay L. Chapman, CPA PC

116 Harrison Street
Muscatine, Iowa 52761
563-264-1385
kchapman@cpakay.com

Independent Auditor's Report

To the Board of Education
Durant Community School District:

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Durant Community School District, Durant, Iowa, as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Durant Community School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 5 through 14 and 46 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Durant Community School District's basic financial statements. I previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to

prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated March 9, 2015 on my consideration of Durant Community School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Durant Community School District's internal control over financial reporting and compliance.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
March 9, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Durant Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$6,552,103 in fiscal 2013 to \$6,853,584 in fiscal 2014, while General Fund expenditures decreased from \$6,799,235 in fiscal 2013 to \$6,290,051 in fiscal 2014. The District's General Fund balance increased from \$991,588 in fiscal 2013 to \$1,555,202 in fiscal 2014, a 57% increase.
- The District had a decrease of 20 students in prior year certified enrollment which negatively impacted the funding received from the State for the General Fund. The District did qualify for a Regular Program Budget Adjustment of \$88,491.
- The District received a 1% premium increase for health insurance for the year.
- This was the ninth year of Whole Grade Sharing with the Bennett Community School District in grades 7-12. The District received funding for 48 Bennett students in FY14.
- Several capital projects were completed during the year, including floor covering replacement, asbestos abatement, parking lot resurfacing and the purchase of new science tables. Replacement of the heating system was started in June 2013 and was finished in FY14.
- The District levied a cash reserve levy in the amount of \$339,706 for FY14.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Durant Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Durant Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Durant Community School District acts

solely as an agent or custodian for the benefit of those outside of District government.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the non-major Governmental Funds and Agency Fund.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

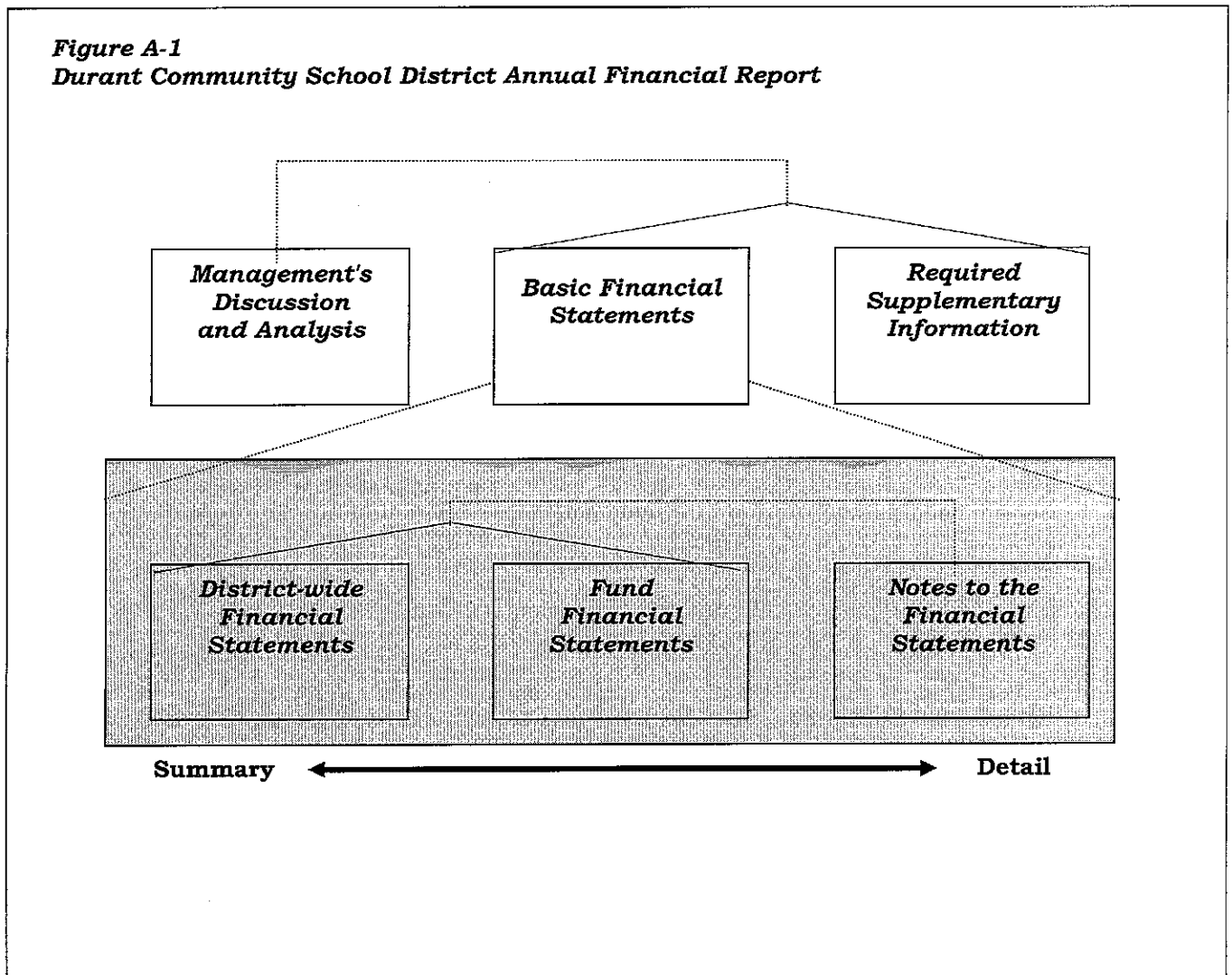


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2

Major Features of the Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's enterprise fund, one type of proprietary fund, are the same as its business type activity, but provides more detail and additional information, such as cash flows. The District currently has one enterprise fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net position a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

3) *Fiduciary fund*: The District is the trustee, or fiduciary, for assets that belong to others. These funds consist of a Private-Purpose Trust Fund and an Agency Fund.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Fund- This is a fund through which The District administers funds for the district football account as a fiscal agent.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes this activity from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement of changes in fiduciary net position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2014 compared to June 30, 2013.

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2013-2014</u>
Current and other assets	\$ 6,194,893	\$ 6,323,049	\$ 89,977	\$ 93,816	\$ 6,284,870	\$ 6,416,865	-2.06%
Capital assets	<u>5,957,429</u>	<u>5,499,687</u>	<u>25,234</u>	<u>28,523</u>	<u>5,982,663</u>	<u>5,528,210</u>	8.22%
Total assets	<u>12,152,322</u>	<u>11,822,736</u>	<u>115,211</u>	<u>122,339</u>	<u>12,267,533</u>	<u>11,945,075</u>	2.70%
Long-term liabilities	2,537,460	3,025,282	-	-	2,537,460	3,025,282	-16.12%
Other liabilities	<u>376,783</u>	<u>333,029</u>	<u>387</u>	<u>168</u>	<u>377,170</u>	<u>333,197</u>	13.20%
Total liabilities	<u>2,914,243</u>	<u>3,358,311</u>	<u>387</u>	<u>168</u>	<u>2,914,630</u>	<u>3,358,479</u>	-13.22%
Deferred inflows of resources	<u>2,738,498</u>	<u>2,687,905</u>	-	-	<u>2,738,498</u>	<u>2,687,905</u>	1.88%
Net position							
Net investment in							
capital assets	3,526,076	2,658,959	25,234	28,523	3,551,310	2,687,482	32.14%
Restricted	1,698,022	2,399,180	-	-	1,698,022	2,399,180	-29.22%
Unrestricted	<u>1,275,483</u>	<u>718,381</u>	<u>89,590</u>	<u>93,648</u>	<u>1,365,073</u>	<u>812,029</u>	68.11%
Total net position	<u>\$ 6,499,581</u>	<u>\$ 5,776,520</u>	<u>\$ 114,824</u>	<u>\$ 122,171</u>	<u>\$ 6,614,405</u>	<u>\$ 5,898,691</u>	12.13%

The District's combined net position increased by approximately 12%, or \$715,714, over the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net position decreased \$701,158, or approximately 29% from the prior year. The decline in the restricted net position was due to unanticipated unemployment claims paid out of the Management Fund and the completion of the boiler project in the Capital Project Fund.

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$553,044, or approximately 68%. The unrestricted net position increased due to savings realized by a reduction in force and the cash reserve levy in the General Fund.

Figure A-4 shows the changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-4
Change in Net Position

	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013-2014
Revenues							
Program revenues							
Charges for service	\$ 1,341,211	\$ 1,377,991	\$ 211,550	\$ 216,496	\$ 1,552,761	\$ 1,594,487	-2.62%
Operating grants	979,304	881,513	133,582	134,677	1,112,886	1,016,190	9.52%
General revenues							
Property tax	3,052,670	2,621,406	-	-	3,052,670	2,621,406	16.45%
Statewide sales, services and use tax	496,791	493,469	-	-	496,791	493,469	0.67%
Unrestricted state grants	2,317,637	2,455,544	-	-	2,317,637	2,455,544	-5.62%
Contributions and donations	11,168	12,975	-	-	11,168	12,975	-13.93%
Unrestricted investment earnings	18,852	18,128	143	174	18,995	18,302	3.79%
Other	4,129	4,138	-	-	4,129	4,138	-0.22%
Total revenues	<u>8,221,762</u>	<u>7,865,164</u>	<u>345,275</u>	<u>351,347</u>	<u>8,567,037</u>	<u>8,216,511</u>	4.27%
Program expenses							
Governmental activities							
Instruction	4,734,976	4,995,818	-	-	4,734,976	4,995,818	-5.22%
Support services	2,204,839	2,332,664	-	-	2,204,839	2,332,664	-5.48%
Non-instructional programs	1,282	1,366	352,622	349,143	353,904	350,509	0.97%
Other expenses	<u>557,604</u>	<u>657,645</u>	<u>-</u>	<u>-</u>	<u>557,604</u>	<u>657,645</u>	-15.21%
Total expenses	<u>7,498,701</u>	<u>7,987,493</u>	<u>352,622</u>	<u>349,143</u>	<u>7,851,323</u>	<u>8,336,636</u>	-5.82%
Loss on disposal of capital assets	-	(10)	-	-	-	(10)	-100.00%
Change in net position	723,061	(122,339)	(7,347)	2,204	715,714	(120,135)	695.76%
Net position beginning of year	<u>5,776,520</u>	<u>5,898,859</u>	<u>122,171</u>	<u>119,967</u>	<u>5,898,691</u>	<u>6,018,826</u>	-2.00%
Net position end of year	<u>\$ 6,499,581</u>	<u>\$ 5,776,520</u>	<u>\$ 114,824</u>	<u>\$ 122,171</u>	<u>\$ 6,614,405</u>	<u>\$ 5,898,691</u>	12.13%

In fiscal 2014, property tax and unrestricted state grants account for 66% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 99% of the revenue from business type activities.

The District's total revenues were \$8,567,037 of which \$8,221,762 was for governmental activities and \$345,275 was for business type activities.

As shown in Figure A-4, the District as a whole experienced a 4% increase in revenues and a 6% decrease in expenses. Property taxes increased \$431,264 and operating grant revenue increased \$97,791 to fund increases in expenditures. The 4% revenue increase was primarily due to a property tax increase for the Cash Reserve Levy and the Regular Program Budget Adjustment in the General Fund.

Governmental Activities

Revenues for governmental activities were \$8,221,762 and expenses were \$7,498,701 for the year ended June 30, 2014. The difference in revenue and expenses in FY14 was largely due to savings realized in the area of salaries and benefits due to a reduction in force, as well as, the Cash Reserve Levy and the Regular Program Budget Adjustment.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses, for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-5

	Total and Net Cost of Governmental Activities					
	Total Cost of Services			Net Cost of Services		
	2014	2013	Change 2013-2014	2014	2013	Change 2013-2014
Instruction	\$ 4,734,976	\$ 4,995,818	-5.2%	\$ 2,648,605	\$ 2,963,228	-10.6%
Support services	2,204,839	2,332,664	-5.5%	2,198,217	2,328,120	-5.6%
Non-instructional programs	1,282	1,366	-6.1%	1,282	1,366	-6.1%
Other expenses	<u>557,604</u>	<u>657,645</u>	-15.2%	<u>330,082</u>	<u>435,275</u>	-24.2%
Total expenses	<u>\$ 7,498,701</u>	<u>\$ 7,987,493</u>	-6.1%	<u>\$ 5,178,186</u>	<u>\$ 5,727,989</u>	-9.6%

For the year ended June 30, 2014:

- The cost financed by users of the District's programs was \$1,341,211.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$979,304.
- The net cost of governmental activities was financed with \$3,549,461 in property and other taxes and \$2,317,637 in unrestricted state grants.

Business Type Activities

Revenues for business type activities during the year ended June 30, 2014 were \$345,275 representing a 2% decrease from the prior year and expenses were \$352,622, a 1% increase over the prior year. The District's business type activities include the School

Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

The District increased what it charged for meals. Salaries and benefits account for 48% of the expenditures and the remaining 52% was spent on food supplies and other miscellaneous expenditures.

INDIVIDUAL FUND ANALYSIS

As previously noted, the Durant Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$2,808,348, slightly below last year's ending fund balances of \$2,899,363. While the District realized an increase in the Cash Reserve Levy and the Regular Program Budget Adjustment, it also realized higher than anticipated unemployment claims in the Management Fund and incurred more expenses than revenues received in the Capital Project fund due to completion of the Boiler Project.

Governmental Fund Highlights

The District's improving General Fund balance is the result of many factors. The General Fund balance increased from \$991,588 to \$1,555,202 due to a reduction in force, as well as, the Cash Reserve Levy and the Regular Program Budget Adjustment.

The Statewide Sales, Services and Use Tax Fund balance decreased from \$1,560,373 in 2012 to \$805,223 in 2014 due to the completion of the Boiler Project and the parking lot resurfacing.

The Management Fund balance decreased from \$86,475 to \$3,154 due to unanticipated unemployment claims stemming from the reduction in force.

Proprietary Fund Highlights

Enterprise Fund net position decreased from \$122,171 at June 30, 2013 to \$114,824 at June 30, 2014, representing a decrease of approximately 6%. This was due to fewer meals sold and an increase in staff salaries and benefits.

BUDGETARY HIGHLIGHTS

Over the course of the year, Durant Community School District amended its annual budget by \$230,000 to include additional unemployment claims, technology equipment purchases, flooring and asbestos removal and starting the work on a shop building remodel.

The District's revenues were \$330,333 more than budgeted revenues, a variance of approximately 4%. The District's practice is to budget conservatively and underestimate revenue when budgeting.

The total expenditures were \$682,829 less than the amended budget. It is the District's practice to overestimate expenditures slightly when amending the budget to avoid going over budget at year end with unexpected/unanticipated expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested \$5,982,663, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of approximately 8% over last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$457,599.

The original cost of the District's capital assets was \$12,333,476. Governmental funds account for \$12,275,302, with the remainder of \$58,174 accounted for in the Proprietary, School Nutrition Fund.

The largest change in capital asset activity during the year occurred in the construction in progress category, which decreased from \$202,543 at June 30, 2013 to \$47,637 at June 30, 2014 due to the boiler replacement started in 2013 and completed in FY14 and the shop remodel project that was started in FY14 but not completed as of June 30, 2014.

Figure A-6
Capital Assets, Net of Depreciation

	Governmental Activities		Business Type Activities		Total District		Total Change
	2014	2013	2014	2013	2014	2013	2013- 2014
Land	\$ 135,364	\$ 135,364	\$ -	\$ -	\$ 135,364	\$ 135,364	0.00%
Construction in progress	47,637	202,543	-	-	47,637	202,543	-76.48%
Buildings and improvements	4,618,049	3,899,785	-	-	4,618,049	3,899,785	18.42%
Improvements, other than buildings	303,501	319,376	-	-	303,501	319,376	-4.97%
Furniture and equipment	852,878	942,619	25,234	28,523	878,112	971,142	-9.58%
Totals	<u>\$ 5,957,429</u>	<u>\$ 5,499,687</u>	<u>\$ 25,234</u>	<u>\$ 28,523</u>	<u>\$ 5,982,663</u>	<u>\$ 5,528,210</u>	8.22%

Long-Term Debt

At June 30, 2014, the District had \$2,661,210 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 12% from the prior year. (See Figure A-7) The decrease is primarily the result of the reduced debt in the Apple Lease obligation and the General Obligation Bonds.

The District does not currently have a bond rating. The Constitution of the State of Iowa limits the amount of general obligation debt districts can issue to 5 percent of the assessed value of all taxable property within the District. The District's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$10.7million.

Figure A-7

Outstanding Long-term Obligations

	Total District		Total Change
	<u>2014</u>	<u>2013</u>	<u>2013-2014</u>
General obligation bonds	\$ 1,310,000	\$ 1,500,000	-12.67%
Revenue bonds	900,000	900,000	0.00%
Capital lease	221,353	440,728	-49.78%
Net OPEB liability	<u>229,857</u>	<u>184,554</u>	24.55%
Total	<u>\$ 2,661,210</u>	<u>\$ 3,025,282</u>	-12.03%

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District's certified enrollment remained relatively unchanged and the District did not qualify for the Regular Program Budget Adjustment in FY15 as it did in FY14.
- The District will continue whole grade sharing with the Bennett Community School District for grades 7-12 in the 2015 fiscal year. The District will also continue sharing a teacher with the Wilton Community School District in FY15, as well as, sharing classes in both the Wilton and Durant districts and sharing a Guidance Counselor, Transportation Director and Maintenance Director with Wilton CSD.
- FY15 will be the third year of an administrator settlement agreement in the amount of \$310,000 paid over 31 months starting in September 2013 through FY16. This settlement will be funded through the Management Fund.
- The District will be completing the shop building remodel project in FY15 as well as replacing some floor coverings, bus purchase and technology projects.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Lesa Kephart, District Secretary and Business Manager, Durant Community School District, 408 7th Street, Durant, Iowa 52747.

Basic Financial Statements

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2014

Exhibit A

	Governmental <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>
Assets			
Cash, cash equivalents and pooled investments	\$2,693,480	\$ 81,744	\$2,775,224
Receivables			
Property tax			
Delinquent	19,036	-	19,036
Succeeding year	2,738,498	-	2,738,498
Accounts receivable	21,661	56	21,717
Income surtax	284,822	-	284,822
Due from other governments	437,009	-	437,009
Due from other fund	387	-	387
Inventories	-	8,177	8,177
Non-depreciable capital assets	183,001	-	183,001
Capital assets, net of accumulated depreciation	5,774,428	25,234	5,799,662
Total assets	<u>12,152,322</u>	<u>115,211</u>	<u>12,267,533</u>
Liabilities			
Accounts payable	357,468	-	357,468
Salaries and benefits payable	1,964	-	1,964
Accrued interest payable	14,363	-	14,363
Due to other fund	-	387	387
Due to other governments	2,988	-	2,988
Long-term liabilities			
Portion due within one year			
General obligation bonds payable	200,000	-	200,000
Capital lease payable	221,353	-	221,353
Revenue bonds payable	220,000	-	220,000
Portion due after one year			
General obligation bonds payable	1,110,000	-	1,110,000
Unamortized bond discount	(123,750)	-	(123,750)
Revenue bonds payable	680,000	-	680,000
Net OPEB liability	229,857	-	229,857
Total liabilities	<u>2,914,243</u>	<u>387</u>	<u>2,914,630</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	<u>2,738,498</u>	<u>-</u>	<u>2,738,498</u>

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Net Position
June 30, 2014

Exhibit A

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Net Position			
Net investment in capital assets	\$3,526,076	\$ 25,234	\$3,551,310
Restricted for			
Categorical funding	193,078	-	193,078
Management levy purposes	3,154	-	3,154
Physical plant and equipment	213,042	-	213,042
Debt service	423,818	-	423,818
Student activities	59,707	-	59,707
School infrastructure	805,223	-	805,223
Unrestricted	<u>1,275,483</u>	<u>89,590</u>	<u>1,365,073</u>
Total net position	<u>\$6,499,581</u>	<u>\$114,824</u>	<u>\$6,614,405</u>

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2014

Exhibit B

	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities
<u>Functions/Programs</u>						
Governmental activities						
Instruction						
Regular instruction	\$ 2,885,889	\$ 891,330	\$ 672,486	\$ -	\$ (1,322,073)	\$ -
Special instruction	798,939	165,996	68,553	-	(564,390)	-
Other instruction	1,050,148	281,058	6,948	-	(762,142)	-
	<u>4,734,976</u>	<u>1,338,384</u>	<u>747,987</u>	<u>-</u>	<u>(2,648,605)</u>	<u>-</u>
Support services						
Student	135,402	-	-	-	(135,402)	-
Instructional staff	218,278	-	3,795	-	(214,483)	-
Administration	827,277	-	-	-	(827,277)	-
Operation and maintenance of plant	693,246	-	-	-	(693,246)	-
Transportation	330,636	2,827	-	-	(327,809)	-
	<u>2,204,839</u>	<u>2,827</u>	<u>3,795</u>	<u>-</u>	<u>(2,198,217)</u>	<u>-</u>
	<u>1,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,282)</u>	<u>-</u>
Non-instructional programs						
Other expenses						
Facilities acquisition	16,448	-	-	-	(16,448)	-
Long-term debt interest	93,047	-	-	-	(93,047)	-
AEA flowthrough	227,522	-	227,522	-	-	-
Depreciation (unallocated) *	220,587	-	-	-	(220,587)	-
	<u>557,604</u>	<u>-</u>	<u>227,522</u>	<u>-</u>	<u>(330,082)</u>	<u>-</u>
Total governmental activities	<u>7,498,701</u>	<u>1,341,211</u>	<u>979,304</u>	<u>-</u>	<u>(5,178,186)</u>	<u>-</u>

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2014

Exhibit B

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest		Governmental Activities	Business Type Activities	Total
<u>Functions/Programs (continued)</u>						
Business type activities						
Non-instructional programs						
Food service operations	<u>\$ 352,622</u>	<u>\$ 211,550</u>	<u>\$ 133,582</u>	<u>\$ -</u>	<u>\$ (7,490)</u>	<u>\$ (7,490)</u>
Total	<u>\$ 7,851,323</u>	<u>\$ 1,552,761</u>	<u>\$ 1,112,886</u>	<u>\$ (5,178,186)</u>	<u>\$ (7,490)</u>	<u>\$ (5,185,676)</u>
<u>General Revenues</u>						
Property tax levied for						
General purposes				2,762,264	-	2,762,264
Debt service				108,233	-	108,233
Capital outlay				182,173	-	182,173
Statewide sales, services and use tax				496,791	-	496,791
Unrestricted state grants				2,317,637	-	2,317,637
Contributions and donations				11,168	-	11,168
Unrestricted investment earnings				18,852	143	18,995
Other				4,129	-	4,129
Total general revenues				<u>5,901,247</u>	<u>143</u>	<u>5,901,390</u>
Change in net position				723,061	(7,347)	715,714
Net position beginning of year				5,776,520	122,171	5,898,691
Net position end of year				<u>\$ 6,499,581</u>	<u>\$ 114,824</u>	<u>\$ 6,614,405</u>

* This amount excludes the depreciation included in the direct expenses of the various programs.

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT

Exhibit C

Balance Sheet
Governmental Funds
June 30, 2014

	General	Special Revenue Management Levy	Capital Projects Statewide Sales, Services and Use Tax	Nonmajor Governmental Funds	Total
Assets					
Cash, cash equivalents and pooled investments	\$1,437,704	\$116,951	\$ 798,050	\$ 340,775	\$2,693,480
Receivables					
Property tax					
Delinquent	16,728	1,567	-	741	19,036
Succeeding year	2,270,332	353,539	-	114,627	2,738,498
Accounts receivable	21,261	400	-	-	21,661
Income surtax	142,411	-	-	142,411	284,822
Due from other governments	219,573	-	217,436	-	437,009
Due from other funds	958	-	-	111,683	112,641
Total assets	<u>\$4,108,967</u>	<u>\$472,457</u>	<u>\$ 1,015,486</u>	<u>\$ 710,237</u>	<u>\$6,307,147</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 135,265	\$115,764	\$ 98,838	\$ 7,601	\$ 357,468
Salaries and benefits payable	1,964	-	-	-	1,964
Due to other governments	2,988	-	-	-	2,988
Due to other fund	-	-	111,425	829	112,254
Total liabilities	<u>140,217</u>	<u>115,764</u>	<u>210,263</u>	<u>8,430</u>	<u>474,674</u>
Deferred inflows of resources					
Unavailable revenue					
Succeeding year property tax	2,270,332	353,539	-	114,627	2,738,498
Income surtax	142,411	-	-	142,411	284,822
Other	805	-	-	-	805
Total deferred inflows of resources	<u>2,413,548</u>	<u>353,539</u>	<u>-</u>	<u>257,038</u>	<u>3,024,125</u>
Fund balances					
Restricted for					
Categorical funding	193,078	-	-	-	193,078
School infrastructure	-	-	805,223	-	805,223
Student activities	-	-	-	59,707	59,707
Management levy purposes	-	3,154	-	-	3,154
Physical plant and equipment	-	-	-	70,631	70,631
Debt service	-	-	-	314,431	314,431
Unassigned	1,362,124	-	-	-	1,362,124
Total fund balances	<u>1,555,202</u>	<u>3,154</u>	<u>805,223</u>	<u>444,769</u>	<u>2,808,348</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$4,108,967</u>	<u>\$472,457</u>	<u>\$ 1,015,486</u>	<u>\$ 710,237</u>	<u>\$6,307,147</u>

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position
June 30, 2014

Exhibit D

Total fund balances of governmental funds	\$2,808,348
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**Amounts reported for governmental activities in the Statement of Net Position
are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.	5,957,429
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Other long-term assets are not available to pay current period expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.	285,627
--	---------

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(14,363)
--	----------

Unamortized bond discount on refunding is not available to pay current period expenditures and, therefore, are not reported as assets in the governmental funds.	123,750
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Long-term liabilities, including bonds and notes payable, termination benefits and other postemployment benefits payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(2,661,210)</u>
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Net position of governmental activities	<u>\$6,499,581</u>
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DURANT COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

Exhibit E

		<u>Special Revenue</u>	<u>Capital Projects</u>		
	<u>General</u>	<u>Management Levy</u>	<u>Statewide Sales, Services and Use Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Revenues					
Local sources					
Local tax	\$2,533,139	\$ 220,428	\$ -	\$ 282,625	\$3,036,192
Tuition	876,934		-	-	876,934
Other	154,689	5,087	66,094	281,817	507,687
Intermediate sources	25,545	-	-	-	25,545
State sources	3,138,297	<u>82</u>	496,791	39	3,635,209
Federal sources	<u>124,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,980</u>
Total revenues	<u>6,853,584</u>	<u>225,597</u>	<u>562,885</u>	<u>564,481</u>	<u>8,206,547</u>
Expenditures					
Current					
Instruction					
Regular	2,642,107	63,871	41,801	-	2,747,779
Special	792,005	-	-	-	792,005
Other	778,205	-	-	269,056	1,047,261
	<u>4,212,317</u>	<u>63,871</u>	<u>41,801</u>	<u>269,056</u>	<u>4,587,045</u>
Support services					
Student	129,798	-	-	-	129,798
Instructional staff	209,019	-	8,043	-	217,062
Administration	694,821	118,225	-	-	813,046
Operation and maintenance of	572,074	97,929	24,631	-	694,634
Transportation	244,500	27,611	5,030	84,532	361,673
	<u>1,850,212</u>	<u>243,765</u>	<u>37,704</u>	<u>84,532</u>	<u>2,216,213</u>
Non-instructional programs	<u>-</u>	<u>1,282</u>	<u>-</u>	<u>-</u>	<u>1,282</u>
Other expenditures					
Facilities acquisition	-	-	786,031	-	786,031
Long-term debt					
Principal	-	-	-	409,375	409,375
Interest and fiscal charges	-	-	-	70,175	70,175
AEA flowthrough	227,522	-	-	-	227,522
	<u>227,522</u>	<u>-</u>	<u>786,031</u>	<u>479,550</u>	<u>1,493,103</u>
Total expenditures	<u>6,290,051</u>	<u>308,918</u>	<u>865,536</u>	<u>833,138</u>	<u>8,297,643</u>

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

Exhibit E

	<u>General</u>	<u>Special Revenue Management Levy</u>	<u>Capital Projects Statewide Sales, Services and Use Tax</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 563,533	(83,321)	\$ (302,651)	\$(268,657)	\$ (91,096)
Other financing sources (uses)					
Sale of equipment and materials	81	-	-	-	81
Interfund operating transfers in	-	-	-	626,930	626,930
Interfund operating transfers (out)	-	-	(452,499)	(174,431)	(626,930)
Total other financing sources (uses)	<u>81</u>	<u>-</u>	<u>(452,499)</u>	<u>452,499</u>	<u>81</u>
Change in fund balances	563,614	(83,321)	(755,150)	183,842	(91,015)
Fund balance, beginning of year	<u>991,588</u>	<u>86,475</u>	<u>1,560,373</u>	<u>260,927</u>	<u>2,899,363</u>
Fund balance, end of year	<u>\$1,555,202</u>	<u>\$ 3,154</u>	<u>\$ 805,223</u>	<u>\$ 444,769</u>	<u>\$2,808,348</u>

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2014

Exhibit F

Change in fund balances - total governmental funds \$ (91,015)
Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense are as follows:

Expenditures for capital assets	\$ 912,052	
Depreciation expense	(454,310)	457,742

Certain revenues not collected for several months after year end are not considered available revenue and are recognized as deferred inflows of resources in the governmental funds. 15,134

Amortization of the discount on bond refunding did not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. However, the annual amortization is reported as an expenditure in the Statement of Activities. (20,625)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 409,375

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Other postemployment benefits	(45,303)
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Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (2,247)

Change in net position of governmental activities \$ 723,061

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Net Position
Proprietary Fund
June 30, 2014

Exhibit G

	Nonmajor School <u>Nutrition</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 81,744
Accounts receivable	56
Inventories	<u>8,177</u>
Total current assets	89,977
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>25,234</u>
Total assets	<u>115,211</u>
Liabilities	
Current liabilities	
Due to other funds	<u>387</u>
Net Position	
Investment in capital assets	25,234
Unrestricted	<u>89,590</u>
Total net position	<u>\$ 114,824</u>

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2014

Exhibit H

	Nonmajor School <u>Nutrition</u>
Operating revenue	
Local sources	
Charges for service	<u>\$211,550</u>
Operating expenses	
Support services	
Administration	
Purchased services	<u>210</u>
Non-instructional programs	
Food service operations	
Salaries and benefits	130,410
Benefits	42,777
Purchased services	2,676
Supplies	172,585
Miscellaneous	675
Depreciation	<u>3,289</u>
Total non-instructional program expenses	<u>352,412</u>
Total operating expenses	<u>352,622</u>
Operating loss	<u>(141,072)</u>
Non-operating revenues	
Interest income	143
State sources	2,594
Federal sources	<u>130,988</u>
Total non-operating revenues	<u>133,725</u>
Change in net position	(7,347)
Net position beginning of year	<u>122,171</u>
Net position end of year	<u>\$114,824</u>

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2014

Exhibit I

	Nonmajor School <u>Nutrition</u>
Cash flows from operating activities	
Cash received from sale of services	\$ 211,566
Cash payments to employees for services	(172,968)
Cash payments to suppliers for goods and services	<u>(153,389)</u>
Net cash used in operating activities	<u>(114,791)</u>
Cash flows from non-capital financing activities	
State grants received	2,594
Federal grants received	<u>111,475</u>
Net cash provided by non-capital financing activities	<u>114,069</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities	
Interest on investments	<u>143</u>
Net decrease in cash and cash equivalents	(579)
Cash and cash equivalents, beginning of year	<u>82,323</u>
Cash and cash equivalents, end of year	<u><u>\$ 81,744</u></u>

Reconciliation of operating loss to net cash

used in operating activities

Operating loss	\$(141,072)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	3,289
Commodities used	19,513
Decrease in accounts receivable	16
Decrease in inventory	3,244
Increase in due to other funds	387
(Decrease) in accrued salaries and benefits	<u>(168)</u>
Net cash used in operating activities	<u><u>\$(114,791)</u></u>

Non-cash investing, capital and related financing activities.

During the year ended June 30, 2014, the District received \$19,513 of federal commodities.

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2014

Exhibit J

	<u>Private Purpose Trust</u>
	<u>Scholarships</u>
Assets	
Cash, cash equivalents and pooled investments	\$ 13,925
Liabilities	
Due to others	<u>-</u>
Net Position	
Reserved for scholarships	<u>\$ 13,925</u>

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Year Ended June 30, 2014

Exhibit K

	Private Purpose Trust <u>Scholarships</u>
Additions	
Local sources	
Interest	\$ 27
Deductions	<u>-</u>
Change in net position	27
Net position beginning of year	<u>13,898</u>
Net position end of year	<u>\$ 13,925</u>

See notes to financial statements.

DURANT COMMUNITY SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2014

Note 1. Summary of Significant Accounting Policies

The Durant Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the communities of Durant, Stockton, Sunbury and Pleasant Prairie, Iowa, and the agricultural territory in Cedar, Muscatine and Scott Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Durant Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. The Durant Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Management Fund is utilized to account for the property tax and other revenues used for tort liability insurance premiums, unemployment compensation insurance claims and early retirement incentive payments.

The Capital Project - Statewide Sales, Services and Use Tax Fund is used to account for the collection of the 1% statewide sales, services and use tax to be expended for school infrastructure purposes.

The District reports no major proprietary funds. However, the District reports one nonmajor proprietary fund, the enterprise, School Nutrition Fund, which is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, termination benefits and claims and judgments are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure

toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value, except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current year and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½ % per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013 through June 30, 2014 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2013.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 5,000
Buildings	\$ 5,000
Improvements other than buildings	\$ 5,000
Intangibles	\$25,000
Furniture and equipment:	
School Nutrition Fund equipment	\$ 500
Other furniture and equipment	\$ 5,000

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life</u>
Buildings and improvements	20-50 years
Improvements other than buildings	20 years
Intangibles	5-10 years
Furniture and equipment	4-15 years

Salaries and Benefits Payable - Payroll and related expenditures for hourly employees' hours worked in June, not paid until July, have been accrued as liabilities.

Deferred Inflows of Resources - Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been

recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax and income surtax receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Fund Equity - In the governmental fund financial statements, fund equity is classified as follows:

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in other spendable classifications.

Net Position - In the district-wide Statement of Net Position, net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Net position restricted through enabling legislation includes \$3,154 for management levy purposes, \$213,042 for physical plant and equipment, \$423,818 for debt service, \$59,707 for student activities and \$805,223 for school infrastructure.

E. Budgeting and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2014, the District had investments in the Iowa Schools Joint Investment Trust Diversified Portfolio which are valued at an amortized cost of \$2,542 pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit Risk. The investments in the Iowa Schools Joint Investment Trust were rated AAAM by Standard & Poor's Financial Services.

Note 3. Due From and Due To Other Funds

The details of interfund receivables and payables at June 30, 2014 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor special revenue	
	Student activities	\$ 570
General	Nonmajor enterprise	
	School nutrition	388
Nonmajor governmental	Nonmajor capital projects	
Debt service	Physical plant and equipment levy	259
Nonmajor governmental		
Debt service	Statewide sales, services and use tax	<u>111,424</u>
		<u>\$ 112,641</u>

The amounts due to General Fund from Student Activity Fund and School Nutrition Fund were to recode payroll expenditures. The amounts due to Debt Service Fund from the Physical Plant and Equipment Levy Fund and the Statewide Sales, Services and Use Tax Fund were for principal and interest payments on long-term debt that were not made before June 30, 2014. The balances will be repaid during the year ending June 30, 2015.

Note 4. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Non-major governmental Debt service	Statewide Sales, Services and Use Tax Fund	\$ 452,499
Non-major governmental Debt service	Non-major capital projects fund Physical plant and equipment levy	<u>174,431</u>
		<u>\$ 626,930</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. The transfers from the Statewide Sales, Services and Use Tax Fund and the Physical Plant and Equipment Levy Fund to the Debt Service Fund were for payments of principal and interest on the District's debt.

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

<u>Governmental activities</u>	<u>Balance, Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, End of Year</u>
Capital assets not being depreciated:				
Land	\$ 135,364	\$ -	\$ -	\$ 135,364
Construction in progress	<u>202,543</u>	<u>759,621</u>	<u>(914,527)</u>	<u>47,637</u>
Total capital asset not being depreciated	<u>337,907</u>	<u>759,621</u>	<u>(914,527)</u>	<u>183,001</u>
Capital assets being depreciated:				
Buildings and improvements	8,180,684	914,527	-	9,095,211
Improvements other than buildings	678,415	9,962	-	688,377
Furniture and equipment	<u>2,166,244</u>	<u>142,469</u>	<u>-</u>	<u>2,308,713</u>
Total capital assets being depreciated	<u>11,025,343</u>	<u>1,066,958</u>	<u>-</u>	<u>12,092,301</u>
Less accumulated depreciation for:				
Buildings and improvements	4,280,899	196,263	-	4,477,162
Improvements other than buildings	359,039	25,837	-	384,876
Furniture and equipment	<u>1,223,625</u>	<u>232,210</u>	<u>-</u>	<u>1,455,835</u>
Total accumulated depreciation	<u>5,863,563</u>	<u>454,310</u>	<u>-</u>	<u>6,317,873</u>
Total capital assets being depreciated, net	<u>5,161,780</u>	<u>612,648</u>	<u>-</u>	<u>5,774,428</u>
Governmental activities capital assets, net	<u>\$ 5,499,687</u>	<u>\$ 1,372,269</u>	<u>\$(914,527)</u>	<u>\$ 5,957,429</u>

Business type activities

Furniture and equipment	\$ 58,174	\$ -	\$ -	\$ 58,174
Less accumulated depreciation	<u>29,651</u>	<u>3,289</u>	<u>-</u>	<u>32,940</u>
Business type activities capital assets, net	<u>\$ 28,523</u>	<u>\$ (3,289)</u>	<u>\$ -</u>	<u>\$ 25,234</u>

Depreciation expense was charged to the following functions:

Governmental activities

Instruction	
Regular	\$ 156,529
Special	1,276
Support services	
Student support	4,483
Administration	7,733
Operation and maintenance of plant	11,743
Transportation	<u>51,959</u>
	233,723
Unallocated	<u>220,587</u>
Total governmental activities depreciation expense	<u>\$ 454,310</u>

Business type activities

Food services	<u>\$ 3,289</u>
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Note 6. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014 are summarized as follows:

	Balance, Beginning of Year	Additions	Reductions	Balance, End of Year	Due Within One Year
General obligation bonds	\$ 1,500,000	\$ -	\$ (190,000)	\$ 1,310,000	\$ 200,000
Revenue bonds	900,000	-	-	900,000	220,000
Capital lease	440,728	-	(219,375)	221,353	221,353
Net OPEB liability	<u>184,554</u>	<u>62,106</u>	<u>(16,803)</u>	<u>229,857</u>	<u>-</u>
Totals	<u>\$ 3,025,282</u>	<u>\$ 62,106</u>	<u>\$ (426,178)</u>	<u>\$ 2,661,210</u>	<u>\$ 641,353</u>

Interest costs incurred and charged to expense on all long-term debt was \$93,047 for the year ended June 30, 2014.

Capital Lease

The District has leased computers under a capital lease. The following is a schedule of future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of June 30, 2014.

	Year Ending <u>June 30,</u> 2015	<u>Amount</u>
Minimum lease payments		222,849
Less amount representing interest		<u>1,494</u>
Present value of minimum lease payments		<u>\$ 221,353</u>

General Obligation Bonds

Details of the District's June 30, 2014 general obligation bonded indebtedness are as follows:

Year Ending <u>June 30,</u>	Bond issue of January 8, 2004			
	Interest <u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	3.80%	\$ 200,000	\$ 53,200	\$ 253,200
2016	3.90%	205,000	45,600	250,600
2017	4.00%	210,000	37,605	247,605
2018	4.10%	225,000	29,205	254,205
2019	4.20%	230,000	19,980	249,980
2020	4.30%	<u>240,000</u>	<u>10,320</u>	<u>250,320</u>
Totals		<u>\$ 1,310,000</u>	<u>\$ 195,910</u>	<u>\$ 1,505,910</u>

Revenue Bonds

Details of the District's June 30, 2014 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending <u>June 30,</u>	Bond issue of June 5, 2013			
	Interest <u>Rates</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2015	1.00%	\$ 7,900	\$ 220,000	\$ 227,900
2016	1.00%	5,675	225,000	230,675
2017	1.00%	3,425	225,000	228,425
2018	1.00%	<u>1,150</u>	<u>230,000</u>	<u>231,150</u>
Totals		<u>\$ 18,150</u>	<u>\$ 900,000</u>	<u>\$ 918,150</u>

The District has pledged future statewide sales, services and use tax revenues to repay the \$900,000 of bonds issued in June 2013. The bonds were issued to finance heating and cooling upgrades at the building. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2018. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to

require approximately 45% of the statewide sales and services tax revenues. The total principal and interest remaining to be paid on the bonds is \$918,150. For the current year no principal was paid; however, \$5,150 of interest was paid on the revenue bonds and statewide sales, services and use tax revenues were \$496,791.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

- a) \$90,000 of the proceeds from the issuance of the revenue bonds shall be deposited to a reserve account to be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The balance of the proceeds shall be deposited to the project account.
- b) All proceeds from the statewide sales and services tax shall be placed in a revenue account.
- c) Monies in the revenue account shall be disbursed to make deposits into a sinking account to pay the principal and interest requirements of the revenue bonds for the fiscal year.
- d) Any monies remaining in the revenue account after the required transfer to the sinking account may be transferred to the project account to be used for any lawful purpose.

The District complied with all the revenue bond provisions during the year ended June 30, 2014.

Note 7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, IA, 50306-9117.

Plan members were required to contribute 5.95%, 5.78% and 5.38% of their annual covered salary and the District was required to contribute 8.93%, 8.67% and 8.07% of annual covered payroll for the years ended June 30, 2014, 2013 and 2012 respectively. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were \$351,036, \$371,454 and \$339,934, respectively, equal to the required contributions for each year.

Note 8. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 79 active, no one was excluded from the valuation because they were older than age 65, and 3 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy - The contribution requirements of the plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 57,492
Interest on net OPEB obligation	4,614
Adjustment to annual required contribution	<u>(13,332)</u>
Annual OPEB cost	48,774
Contributions made	<u>(3,471)</u>
Increase in net OPEB obligation	45,303
Net OPEB obligation beginning of year	<u>184,554</u>
Net OPEB obligation end of year	<u>\$ 229,857</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed \$3,471 to the medical plan. Plan members eligible for benefits contributed nothing to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2014 are summarized as follows:

<u>Year Ended June 30.</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010	\$ 51,537	18.4%	\$ 42,077
2011	39,623	19.9%	\$ 73,797
2012	53,002	12.5%	\$ 120,160
2013	64,394	5.7%	\$ 184,554
2014	48,774	7.1%	\$ 229,857

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$222,313, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of 222,313. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4 million and the ratio of UAAL to covered payroll was 5.6%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%. The ultimate medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

Note 9. Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media, and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$227,522 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Note 11. Contingencies

Grant Funding - The District participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. As of June 30, 2014, significant amounts of grant expenditures have not been audited by granting authorities but the District believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

Note 12. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

Program

Gifted and Talented	\$ 35,627
Returning dropout and dropout prevention program	82,077
Beginning teacher mentoring and induction program	234
Teacher salary supplement	2,777
Early literacy	8,083
Educator quality, professional development for model core curriculum	18,381
Educator quality, professional development	44,300
Teacher leadership	<u>1,599</u>
	<u>\$ 193,078</u>

Note 13. Subsequent Event

The District refunded general obligation bonds in July 2014 and began a construction project to remodel the industrial arts room. The project is expected to be completed in the winter of 2014.

Note 14. Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

Note 15. Pending Litigation

On July 29, 2014, a lawsuit was filed against the District. The matter is being vigorously defended by the District's insurance company. It is difficult to estimate the outcome of the litigation and potential damages, if any, involved. Therefore, no liability for potential damages has been recorded.

Required Supplementary Information

DURANT COMMUNITY SCHOOL DISTRICT
 Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual
 All Governmental Funds and Proprietary Fund
 Required Supplementary Information
 For the Year Ended June 30, 2014

	Governmental Funds Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
Revenues						
Local sources	\$ 4,420,813	\$ 211,693	\$ 4,632,506	\$ 4,468,823	\$ 4,468,823	\$ 163,683
Intermediate sources	25,545	-	25,545	-	-	25,545
State sources	3,635,209	2,594	3,637,803	3,483,327	3,483,327	154,476
Federal sources	124,980	130,988	255,968	269,339	269,339	(13,371)
Total revenues	<u>8,206,547</u>	<u>345,275</u>	<u>8,551,822</u>	<u>8,221,489</u>	<u>8,221,489</u>	<u>330,333</u>
Expenditures/Expenses						
Instruction	4,587,045	-	4,587,045	4,684,506	4,769,506	182,461
Support services	2,216,213	-	2,216,213	2,379,099	2,379,099	162,886
Non-instructional programs	1,282	352,622	353,904	363,550	363,550	9,646
Other expenditures	1,493,103	-	1,493,103	1,675,939	1,820,939	327,836
Total expenditures/expenses	<u>8,297,643</u>	<u>352,622</u>	<u>8,650,265</u>	<u>9,103,094</u>	<u>9,333,094</u>	<u>682,829</u>
(Deficiency) of revenues (under) expenditures/expenses	(91,096)	(7,347)	(98,443)	(881,605)	(1,111,605)	1,013,162
Net other financing sources (uses)	<u>81</u>	<u>-</u>	<u>81</u>	<u>(4,362)</u>	<u>(4,362)</u>	<u>4,443</u>
Net change in fund balance	(91,015)	(7,347)	(98,362)	(885,967)	(1,115,967)	1,017,605
Balance, beginning of year	2,899,363	122,171	3,021,534	2,376,291	2,376,291	645,243
Balance, end of year	<u>\$ 2,808,348</u>	<u>\$ 114,824</u>	<u>\$ 2,923,172</u>	<u>\$ 1,490,324</u>	<u>\$ 1,260,324</u>	<u>\$ 1,662,848</u>

See accompanying Independent Auditor's Report.

DURANT COMMUNITY SCHOOL DISTRICT
Notes to Required Supplementary Information – Budgetary Reporting
For the Year Ended June 30, 2014

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted two budget amendments increasing budgeted expenditures by \$230,000.

DURANT COMMUNITY SCHOOL DISTRICT
Schedule of Funding Progress for the
Retiree Health Plan
Required Supplementary Information

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2010	July 1, 2009	\$ -	\$273,378	\$273,378	\$ -	\$3,950,415	6.9%
2011	July 1, 2009	\$ -	\$273,378	\$273,378	\$ -	\$3,898,123	7.0%
2012	July 1, 2009	\$ -	\$273,378	\$273,378	\$ -	\$4,214,541	6.5%
2013	July 1, 2012	\$ -	\$219,728	\$219,728	\$ -	\$4,259,520	5.2%
2014	July 1, 2012	\$ -	\$222,313	\$222,313	\$ -	\$3,980,213	5.6%

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Supplementary Information

DURANT COMMUNITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

Schedule 1

	Special Revenue	Capital Projects Physical Plant and Equipment Levy	Debt Service	Total
Assets				
Cash, cash equivalents and pooled investments	\$ 67,878	\$ 70,886	\$ 202,011	\$ 340,775
Receivables				
Property tax				
Delinquent	-	4	737	741
Succeeding year	-	6,465	108,162	114,627
Income surtax	-	142,411	-	142,411
Due from other fund	-	-	111,683	111,683
Total assets	<u>\$ 67,878</u>	<u>\$ 219,766</u>	<u>\$ 422,593</u>	<u>\$ 710,237</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 7,601	\$ -	\$ -	\$ 7,601
Due to other funds	570	259	-	829
Total liabilities	<u>8,171</u>	<u>259</u>	<u>-</u>	<u>8,430</u>
Deferred inflows of resources				
Unavailable revenue				
Succeeding year property tax	-	6,465	108,162	114,627
Income surtax	-	142,411	-	142,411
Total deferred inflows of resources	<u>-</u>	<u>148,876</u>	<u>108,162</u>	<u>257,038</u>
Fund balances				
Restricted for				
Student activities	59,707	-	-	59,707
Physical plant and equipment	-	70,631	-	70,631
Debt service	-	-	314,431	314,431
Total fund balances	<u>59,707</u>	<u>70,631</u>	<u>314,431</u>	<u>444,769</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 67,878</u>	<u>\$ 219,766</u>	<u>\$ 422,593</u>	<u>\$ 710,237</u>

See accompanying Independent Auditor's Report.

DURANT COMMUNITY SCHOOL DISTRICT
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

Schedule 2

	<u>Special Revenue</u>	<u>Capital Projects</u>		
	Student	Physical Plant and Equipment	Debt	
	<u>Activity</u>	<u>Levy</u>	<u>Service</u>	<u>Total</u>
Revenues				
Local sources				
Local taxes	\$ -	\$174,431	\$108,194	\$ 282,625
Other	281,218	599	-	281,817
State sources	-	-	39	39
Total revenues	<u>281,218</u>	<u>175,030</u>	<u>108,233</u>	<u>564,481</u>
Expenditures				
Current				
Instruction				
Other	<u>269,056</u>	-	-	<u>269,056</u>
Support services				
Transportation	-	<u>84,532</u>	-	<u>84,532</u>
Other expenditures				
Long-term debt				
Principal	-	-	409,375	409,375
Interest and fiscal charges	-	-	70,175	70,175
Total other expenditures	-	-	<u>479,550</u>	<u>479,550</u>
Total expenditures	<u>269,056</u>	<u>84,532</u>	<u>479,550</u>	<u>833,138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,162</u>	<u>90,498</u>	<u>(371,317)</u>	<u>(268,657)</u>
Other financing sources (uses)				
Interfund operating transfers in	-	-	626,930	626,930
Interfund operating transfers (out)	-	<u>(174,431)</u>	-	<u>(174,431)</u>
Total other financing sources (uses)	-	<u>(174,431)</u>	<u>626,930</u>	<u>452,499</u>
Change in fund balances	12,162	(83,933)	255,613	183,842
Fund balances, beginning of year	<u>47,545</u>	<u>154,564</u>	<u>58,818</u>	<u>260,927</u>
Fund balances, end of year	<u>\$ 59,707</u>	<u>\$ 70,631</u>	<u>\$314,431</u>	<u>\$ 444,769</u>

See accompanying Independent Auditor's Report.

DURANT COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Fiduciary Assets and Liabilities - Agency Fund
For the Year Ended June 30, 2014

Schedule 3

	Balance, Beginning of <u>Year</u>	<u>Additions</u>	<u>Deductions</u>	Balance, End of <u>Year</u>
Assets				
Cash	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>
Liabilities				
Due to others	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

DURANT COMMUNITY SCHOOL DISTRICT
Schedule of Changes in Special Revenue Fund, Student Activity Accounts
For the Year Ended June 30, 2014

Schedule 4

Account	Balance, Beginning of Year	Revenues	Expenditures	Intrafund Transfers	Balance, End of Year
Athletics	\$ 2,006	\$ 14,107	\$ 8,731	\$ 3,178	\$ 10,560
Athletic equipment	2,489	88,575	97,275	(3,338)	(9,549)
Band	1,845	31,312	25,703	1,012	8,466
Basketball cheer	468	1,250	462	2	1,258
Baseball camp	338	13,108	6,895	55	6,606
Boys basketball camp	1,118	3,129	3,220	6	1,033
Boys track camp	603	212	187	3	631
Class of:					
2008	790	-	-	-	790
2010	125	-	-	-	125
2011	328	-	-	-	328
2012	1,961	-	-	-	1,961
2013	1,448	-	-	(987)	461
2014	1,105	-	304	2	803
2015	-	7,805	8,796	991	-
Close Up	1,187	-	-	3	1,190
Drama	3,629	3,773	3,823	7	3,586
8th grade class trip	1,359	42,433	41,288	(50)	2,454
Football camp	6,353	16,223	15,758	29	6,847
Girls track camp	905	2,056	2,024	5	942
High school cheerleading	1,395	6,398	6,887	(321)	585
High school dance	1,882	8,776	9,333	149	1,474
Student council	2,422	2,571	3,172	8	1,829
Interest	248	186	-	(191)	243
Jr high cheerleaders	104	-	-	-	104
Jr high student council	1,124	1,543	1,244	2	1,425
K-8 memory book	227	1,959	1,873	3	316
Kitten camp	(128)	6,738	5,662	-	948
Library book club	38	-	-	-	38
NFL	(90)	-	-	-	(90)
National Honor Society	1,402	1,150	1,003	3	1,552
Outside classroom	719	-	-	1	720
Physical fitness	161	-	-	-	161
Playground	319	1	-	-	320
Resale	4	8,156	8,156	-	4
Spanish	405	1,415	1,416	-	404
TSA	186	-	-	1	187
Vocal	2,091	6,865	5,743	(591)	2,622
Volleyball	1,956	4,482	4,329	3	2,112
Wrestling cheerleading	-	1,871	1,359	-	512
Yearbook	5,023	5,124	4,413	15	5,749
Totals	<u>\$ 47,545</u>	<u>\$281,218</u>	<u>\$ 269,056</u>	<u>\$ -</u>	<u>\$ 59,707</u>

See accompanying Independent Auditor's Report.

DURANT COMMUNITY SCHOOL DISTRICT
Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	Modified Accrual Basis									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Local sources										
Local tax	\$ 3,036,192	\$ 3,103,254	\$ 3,227,545	\$ 2,746,799	\$ 2,852,282	\$ 2,677,179	\$ 2,581,583	\$ 2,464,973	\$ 2,408,595	\$ 2,300,293
Tuition	876,934	949,199	871,750	910,197	956,690	1,067,798	863,874	918,904	896,137	569,356
Other	507,687	480,465	462,439	471,849	432,908	437,409	363,034	335,240	243,570	332,135
Intermediate sources	25,545	11,905	8,935	33,670	15,230	56,771	75,036	27,303	13,821	3,252
State sources	3,635,209	3,163,684	3,094,091	2,861,104	2,348,127	2,986,998	2,844,075	2,618,463	2,438,037	2,402,092
Federal sources	124,980	147,449	265,695	393,869	317,707	131,097	101,138	105,755	104,104	124,557
Total revenues	\$ 8,206,547	\$ 7,855,956	\$ 7,930,455	\$ 7,417,488	\$ 6,922,944	\$ 7,357,252	\$ 6,828,740	\$ 6,470,638	\$ 6,104,264	\$ 5,731,685
Expenditures										
Current										
Instruction										
Regular	\$ 2,747,779	\$ 2,855,956	\$ 3,424,589	\$ 2,625,845	\$ 3,053,927	\$ 2,728,113	\$ 2,626,712	\$ 2,601,773	\$ 2,393,845	\$ 2,141,919
Special	792,005	950,062	970,678	709,463	287,899	592,423	631,523	548,432	562,493	562,300
Other	1,047,261	1,005,138	934,694	960,229	934,134	860,888	705,939	564,489	475,139	507,459
Support services										
Student	129,798	189,463	184,986	170,642	159,907	193,512	205,167	198,309	213,241	209,740
Instructional staff	217,062	268,920	356,013	300,410	238,188	276,118	224,881	250,670	158,671	178,084
Administration	813,046	840,078	1,051,322	793,887	697,986	684,815	641,250	637,153	536,276	483,196
Operation and maintenance of plant	694,634	702,915	688,814	638,531	609,180	615,445	592,145	562,029	535,154	466,938
Transportation	361,673	293,994	258,791	344,301	283,070	198,991	254,109	295,141	239,974	285,428
Other support services	-	-	-	-	-	-	-	-	-	1,500
Non-instructional programs	1,282	1,366	1,131	1,362	1,868	8,358	3,369	726	516	1,949
Other expenditures										
Facilities acquisition	786,031	418,367	219,148	226,011	80,454	727,767	289,242	578,024	226,228	221,101
Long-term debt										
Principal	409,375	467,240	414,934	194,392	203,151	207,888	190,999	171,293	150,000	156,964
Interest and other charges	70,175	78,483	80,796	82,249	88,543	95,130	100,482	102,314	105,987	111,545
AEA flowthrough	227,522	222,370	215,930	237,068	224,013	209,609	200,054	188,841	173,062	171,250
Total expenditures	\$ 8,297,643	\$ 8,294,352	\$ 8,801,826	\$ 7,284,390	\$ 6,862,321	\$ 7,399,037	\$ 6,665,872	\$ 6,699,194	\$ 5,770,586	\$ 5,499,373

Kay L. Chapman, CPA PC

116 Harrison Street
Muscatine, Iowa 52761
563-264-1385
kchapman@cpakay.com

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Board of Education of
Durant Community School District:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Durant Community School District as of and for the year ended June 30, 2014, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated March 9, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Durant Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Durant Community School District's internal control. Accordingly, I do not express an opinion on the effectiveness of Durant Community School District's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, I identified deficiencies in internal control I consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. I

consider the deficiencies described in Part I of the accompanying Schedule of Findings as items A and B to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Durant Community School District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, I noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the District. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Durant Community School District's Responses to Findings

Durant Community School District's responses to the findings identified in my audit are described in the accompanying Schedule of Findings. Durant Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to me by personnel of Durant Community School District during the course of my audit. Should you have any questions concerning any of the about matters, I shall be pleased to discuss them with you at your convenience.

Kay L. Chapman, CPA PC

Kay L. Chapman, CPA PC
March 9, 2015

DURANT COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2014

Part I. Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES

- A. Segregation of Duties - The limited number of accounting personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities. I noted that the same individual performs the following duties: recording and processing cash receipts, preparing checks and bank reconciliations, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although I noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important the District officials are aware that the condition exists.

Recommendation - I realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review the operating procedures of the District to obtain the maximum internal control possible under the circumstances.

Response - We will review our procedures and implement changes to improve internal control, as we deem necessary.

Conclusion - Response accepted.

- B. Material Misstatement not Detected - During the course of my audit, I discovered material misstatements on the District's Certified Annual Report (CAR) that were not detected by the District's internal controls. The District accrued interest and principal payments on revenue bonds although the payments weren't due until July 1, 2014. Fund accounting requires that principal and interest payments on debt be recorded when it is due, rather than when it accrues.

Recommendation - An effective system of internal control should detect material misstatements in the District's financial records and financial reporting. The District should review their control procedures and make appropriate changes to improve their internal controls to help eliminate this deficiency.

Response - We accrued the interest and principal on the revenue bonds based on advice from Piper Jaffray, Inc. We feel that our business manager has the knowledge needed to adequately perform her duties. The superintendent reviews some, but not all of the work

DURANT COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2014

performed and reports prepared by the business manager. We would like to hire additional office personnel to help with the business manager's workload and to provide more oversight and cross-checking of her work. However, with a limited budget, it is difficult to hire enough adequately-trained office personnel to review each other's work. We will review our procedures and consider making changes we deem necessary.

Conclusion - Response accepted.

Part II. Other Findings Related to Statutory Reporting:

1. Certified Budget - Expenditures for the year ended June 30, 2014 did not exceed the amended amounts budgeted.
2. Questionable Expenditures - I noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
3. Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
4. Business Transactions - No business transactions between the District and District officials or employees were noted.
5. Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
6. Board Minutes - I noted no transactions requiring Board approval which had not been approved by the Board.
7. Certified Enrollment - No variances in the basic enrollment data certified to the Iowa Department of Education were noted.
8. Supplementary Weighting - No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
9. Deposits and Investments - I noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.
10. Certified Annual Reports - The Certified Annual Report was certified timely to the Department of Education; however, there were some material misstatements as detailed in comment B in Part I of this Schedule of Findings.

DURANT COMMUNITY SCHOOL DISTRICT
Schedule of Findings
For the Year Ended June 30, 2014

Recommendation - The District should ensure that all reports are submitted in a timely manner in the future.

Response - We will ensure that future CARs contain correct information when it is filed with the Iowa Department of Education.

Conclusion - Response accepted.

11. Categorical Funding - No instances were noted of categorical funding used to supplant rather than supplement other funds.
12. Statewide Sales, Services and Use Tax - No instances of noncompliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2014, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$ 1,560,373
Revenues		
Statewide sales and services tax revenue	\$ 496,791	
Other local revenues	<u>66,094</u>	562,885
Expenditures/transfers out		
School infrastructure		
School infrastructure construction	\$ 786,031	
Equipment	79,505	
Debt service for school infrastructure		
General obligation debt	<u>452,499</u>	1,318,035
Ending balance		<u>\$ 805,223</u>

For the year ended June 30, 2014, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

DURANT COMMUNITY SCHOOL DISTRICT

Audit Staff

June 30, 2014

This audit was performed by

Kay Chapman, CPA

Terri Slater, staff accountant